App. F. IX-4

1925-6

File No. 71-25

Previous References (Geol)

Geol 35-17 (1-3)

Serial Nos. 1-3

Later References

Geol - 133-25

" 52-22 (1 2)

" 60-34 (1-6)

Destroy preserve

59

General and Revenue Secretariat.

Serial Nos. None

Part B for July 26

SUBJECT

Progress report of the Inspector of office systems re the audit of the — Geological Department for the period ending 15-11-25

G. R. S. III—1] 1925

71—
2B

GENERAL AND REVENUE SECRETARIAT.

(Geol)

NOTES.

File No. 71/25

FILE HEADING.

Progress Report of the Inspector of Office Systems in re the Audit of the Geol. Deptt. for the period ending 15/11/25

From

the office of the Inspector of Office Sys

No.	Dated	Received

Diary No.	Enclos.	Spare Copies.	Serial No.

BRIEF ABSTRACT OF LETTER.

NOTES AND ORDERS.

Filed for perusal or other orders

P1 2 Reference relating to the several cases referred to in the Report are not available in the G. R. S. as the files of G. P. were also ex-officio Secys. to Govt at the

First Sheet.

General and Revenue Secretariat

Gen'l File No. 71 of 1925.

Serial No

Secretary
Dy Secy (Fin)
Dy Secy (Judl)
Dy Secy (Pol)
Dy Secy (Rev)
Dy Secy (Gen)
Dy Secy (Edn)
Dy Secy (Agri)
Dy Secy (Pub)
Dy Secy (Mil)
Dy Secy (Ind)
Dy Secy (Mines)
Dy Secy (Forest)
Dy Secy (Mun)
Dy Secy (Rly)
Dy Secy (Ecl)
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Rec'd 10. DEC. 1925
Reg. No 4325

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D. No. 78/10-12-25

Submitted to Dewan.

The Audit of accounts kept in the Geological Office was conducted by the Junior Auditor Mr. T. Raja Rau under my instructions. I have visited the Geological Office test audited the accounts and examined the chief defects brought to notice. The salient points are enumerated below:-

1. The several registers prescribed in Government Order No.2664-8/Geol 35-17-3 dated 28th November 1917, on the recommendation of Mr. K. L. Datta are not properly maintained and owing to their imperfect condition, the position of the revenue of the Department at any given time cannot be determined The D.C.B. Statement is not drawn up even once a year Attempts are not made to raise the demand as soon as they arise, to watch prompt collections, nor are the collections verified with the credits furnished by the Comptroller in the monthly statements. For instance a demand for Rs.308-12-6 in respect of Royalty on Mica, which Mr Pitchaiya Naidu was required to pay as per communication of 11th September 1925 has not been brought on D.C.B. registers. The Comptroller's credit statements from October 1924 have remained undisposed of Misclassifications in Treasury Accounts are not noticed. It is suggested that when the parties are required to pay up the amounts due on account of Royalty or otherwise, chellans in duplicate should be sent to the party for crediting the amount to the proper head as in the Income-Tax Department.

2. A short demand of Rs.434-6-11 was discovered under Royalty and Mining Rent."

3. The Department has omitted to levy Railway and Education Cesses, on items on which they are chargeable An arrear demand of Rs.566-11-0 and a recurring increase of cess revenue to the extent of Rs.127-14-0 per annum lost to Government should now be brought on the books and necessary action taken for their recovery.

4. The Director has granted a refund of Rs 300/- to the firm of Messrs. Manickyavelu Mudaliar & Son, when that firm owed Government Rs.7091-4-6. has the same collected

5. Long delay in the recovery of mining rent and royalty is observed resulting in loss of interest especially on heavy sums. Kind attention is invited to para 10 of the detailed note

6 The Director has in his custody three 3½% Government of India Promissory Notes ~~(~~by way of Security ~~Deposits.~~ delivered original Two of them of the face value of Rs.500/- each are in the Office for the last 17 years without attention and the accumulated interest on the bonds amounts to Rs.700/- today. The other one is in the Office at least for the last 3 years if not more It is not known why the depreciated paper was accepted at all in lieu of cash and why the bonds were kept in the Director's Office, in contravention of standing orders on the subject.

7. Why dead rent to the extent of Rs.5900 leviable according to the terms of agreement was not enforced on two mining lessees, whose work was far from satisfactory requires investigation The Tata Iron & Steel Company is the only company that is paying dead rent for the last two years as per terms of lease.

2

8. There are 21 tents in the Department, while there are only 5 Officers including the Director. The number may perhaps be reduced and the surplus ones sent to the Tent Stores or disposed of

9. The detailed audit report is enclosed.

Inspector of Office Systems
&
Officer in charge of Revenue Audit

Bangalore
10.12.25.

TSR.

Audit notes of the accounts of the Geological Department, Bangalore.

Name of Auditor: Mr. T. Raja Rau.
Date of commencement of audit: 14-10-1925.
Date completion of audit: 21-11-1925.

Report on the shortage of cash in the Permanent Imprest in the Geological Office discovered by the Inspector of Office Systems on 2-9-1925, was submitted to Government, who have already passed orders in the matter. The detailed audit of the accounts was ordered to be taken up and I was instructed to scrutinise the books with a view to find out if the demand and collection ~~figures~~-registers were in order and if there was no leakage of revenue.

2. The following registers prescribed in G.O.No.2664-8, Geol. 35-17-3 dated 28th November 1917 were examined.

1. Register of applications.
2. do. Exploring Licenses.
3. do. Collecting Licenses.
4. do. Prospecting Licenses.
5. do. Mining Leases.
6. do. Output of Minerals other than gold.
7. do. Other Miscellaneous Regeipts.
8. do. Demand Collection and Balance.

3. None of the registers is posted up properly and contains complete information. In many of them, several headings are left blank. The Head of the Department has not scrutinized them after December 1922. Not even the Office Assistant has taken the trouble to examine them periodically. A few instances of the impefect conditions noticed are given below:-

(a) There are no entries for 1924-25 in the Mining Lease Register.

(b) The register of applications does not contain all the applications received in the office. In respect of sanctioned applications, the number and date of the license or lease are not quoted. The several amounts of fees credited to the Treasury as per chellans received are not totalled up.

(c) The figures in respect of quantities of ore extracted are entered in the output registers, as they are received from the companies without scrutiny. In some cases the opening and closing balances do not tally.

(d) The D.C.B. registers for the year 1924-25 are being written up now.

4. The circumstances mentioned above, rendered the audit work not only difficult but also slow.

5. The following points were investigated.

(i) The D.C.B. of the Department for the year 1924-25 under all items of revenue.

(ii) Difference between railway/freights and statistics furnished by the several companies, of ore exported by them, on which royalty due to Government is levied.

(iii) The loss of interest on heavy sums allowed to remain outstanding against companies for a long time, there being no penal provision under the rules in force.

(iv) Omission to levy Education and Railway Cesses on items on which Local Cess is levied by the Department

(v) Omission to levy dead rents.

6. The results of investigation are detailed below under different heads.

The D.C.B. Accounts for 1924-25.

The Administration Report of the Geological Department for 24-25 makes mention that a revenue of Rs.79,842-0-6, exclusive of royalty on gold was realised during the year. The figures available in the Comptroller's books amount to Rs.62,443-13-3. (June finals are not yet ready) The statistics collected by me during the course of audit make a total of Rs.64,971-6-8. The three sets of figures are given below for the sake of comparison. No two of them agree.

Figures arrived at during the present audit.		Administration Report.		Treasury figure	
1.	Rs.35,952- 8- 0	1.Royalty on minerals other than gold	42319- 0- 4		35,567- 0- 9
2.	" 1,405- 0- 0	2.Fees.	1420- 0- 0		2,620- 0- 0
3.	" 1,068- 5- 0	3.Rent on prospecting lands	5153- 7- 3		1,293-13- 6
4.	" 12,479- 8- 0	4.Rent on mining lands.	15512- 2- 3		12,149-12- 0
5.	" 37- 4- 0	5.Assay & Analysis fees.	37- 4- 0		73- 0- 0
6.	" 14,028-13- 8	6 Other items.	15399-12- 8		10,740- 3- 0
Total.	64,971- 6- 8		79842- 0- 6		62,443-13- 3
deduct amounts refunded.	1,121- 0-0		No mention.		1,071- 0- 0
Net.Rev.	63850- 6-8		79,842-0-6		61,372-13- 3

7. The reasons for such a large variation between the departmental and treasury figures are due to the fact that the Geological Office is not paying attention to the proper maintenance of the D.C.B. Registers and the credit statements received from the Comptroller are allowed to remain in office without scrutiny Such statements for the months of October 1924 and onwards have received no attention.

attention.

8. During the course of the present audit, informatio pertaining to the D.C.B. Accounts had to be collected, not only from the several registers but also from the files of correspondence on the various subjects. Each item of demand, collection and balance under the different heads was checked and as a result, two cases in which the Department had made a short demand, amounting to Rs.343-6-11 were discovered

(i) Mr. M. L. Vardhamaniah, holder of License Nos.608, 626 and 609/628 for asbestos, paid Rs.188-1-0 by way of Royalty on 150 tons, 9 cwts of ore, removed from the mining block, held by him, during the quarter ended with December 1923. The returns sent by him do not give the sale value. According to the terms of agreement he has to pay 5% on the sale value at the pit's mouth or on surface of the dressed ore, convertible at the option of Government, to an equivalent charge per ton to be fixed annually or for a term Subsequently during the quarte ended with 30th September 1924, he has exported 150 tons 9 cwts and has given Rs.70/- per ton, as the sale value He is liable to pay Rs.526-9-2 by way of royalty and not Rs.188-1-0 mentioned by him on the analogy of the previous year Extending similar treatment in respect of 1923-24 transaction, Government have to get a royalty of Rs.526-9- whereas only Rs.188-1-0 has been credited to the Treasury Thus for the year 1923-24, a sum of Rs.338-8-2 was out standing against the licensee. If the sum of Rs.526-9-2 the demand for 1924-25 is added an aggregate sum of Rs 865-1-4 is due from him. Action has been taken by the Department to demand only Rs.526-9-2. As regards the balance of Rs.338-8-2, steps may be taken to ascertain the

sale value from the party,-to assess the exact amount of royalty due to Government and to recover that amount at an early date.

The figure Rs.338-8-2 is based upon the sale value given by the Licensee, applicable to the year 1924-25. The sale value for 1923-24 may be either more or less. The exact amount of short demand has to be settled by the Department, after obtaining necessary information from the party In any case-there is loss of revenue.

(ii) In respect of the mining rent due to Government by the Mysore Gold Mining Company Ltd., Marikuppam, on Lease No.165, the Department demanded Rs.4-14-9 while a sum of Rs.9-13-6 was due under the terms of contract. A demand notice may now issue for the balance.

9. Against a total demand of Rs.81,213-5-2, the department has realised a sum of Rs.64,971-6-8 leaving a balance of Rs.16,241-14-6. The major portion of this balance has since been recovered.

Delay in the recovery of dues.

10. Long delay in the recovery of royalties is observed. Considerable time elapses between the date on which the demand arises and the date on which the demand arises it is collected. There being no provision for the levy of interest on overdue sums, under the rules in force, the delay in collection results in loss to Government by way of interest, especially on heavy sums.

The undermentioned case is a typical instance of such delay The firm of Messrs. Manikyavelu Mudaliar & Son, Lease Holders of No.157 to 160 was due to Government, a sum of Rs.5136-4-6 at the end of 1923-24 and to it, the

demand of Rs.5037-9-0 by way of royalty for 1924-25 was added, making a total demand of Rs.10,173-13-6. In addition to this, a sum of Rs.1955/- was also due by way of mining rent. The aggregate demand during the year was Rs.12,128-13-6 One item of the demand viz. Rs.3261-1-6 arose on 30-6-1924, a second one of Rs.1875-3-0 on 30-9-24 and a third one of Rs.1955-0-0 on 31-12-1924. A sum of Rs.2500/- only was collected in April and May 1925, leavir a balance of Rs.9628-13-6 at the end of 1924-25. Further amounts were collected on the dates mentioned below:-

(1)	Rs. 1,592-11- 0	1-7-1925.
(2)	" 1,613- 7- 0	11-8-1925.
(3)	" 1,000- 0- 0	17-8-1925.
(4)	" 680- 0- 0	18-8-1925.
(5)	" 541-10- 0	14-9-1925.
(6)	" 700- 0- 0	18-9-1925.
	Rs. 6,127-12- 0	

Thus a sum of Rs.3501-1-6 is even to-day outstanding agai the firm.

Refund sanctioned when heavy sums were due to Government.

11. The very same firm was granted a refund of Rs.300/- in January 1925, when it owed Government a sum of Rs.7091-4-6. The amount so refunded was the sum paid b the firm as "tender deposit" in connection with the sale of certain stacks of abandoned manganese ore. It is stated that because the tender was not accepted, the amount was refunded to the party though the Department could have credited the amount, in part satisfaction of t dues.

Poor realisation of royalty on mica.

12. The amount of royalty on mica realised for the last three years is only Rs.162-5-6, against an output of lbs.38,518. Under the terms of the contract, royalty is

leviable at 5% on the sale value at the pit's mouth or on surface of the dressed ore, convertible at the option of the lessors to an equivalent charge per ton to be paid annually or for a term." It is understood that Mr.Pitchaiya Naidu is the only successful miner of this mineral. He is not able to sell any quantity at the pit's mouth and consequently he has exported the material to Gudur, where he has sold in 1924-25 lbs.10,969 for Rs.7390-8-10. While reporting the sale price at Gudur, he has sent a bill for Rs.1215, showing the expenses incurred by him to transfer the mineral from the mine to the place of sale. Some of the items of the bill such as "the establishment charges at Gudur and the commission paid to agent" amounting to Rs.650/- seem to require scrutiny. If the sale value at the pit's mouth is arrived at by deducting the transport charges from the sale value realised at Gudur, accepting the party's bill of cost and having no means to verify such charges Government stand to lose in respect of royalty to be recovered. The sale of lbs.10,969 of mica brings a royalty of Rs.308-12-6, which has been demanded, but not yet realised. This item does not find a place in the Demand register

13. It will be vexatious enquiry if the Department undertakes to check the bill of cost tendered by the party and therefore some other method of assessing royalty on mica may be devised, instead of depending upon the capricious sale value, outside the mining area. In the case of minerals like manganese the license holders are bound to pay a royalty on so much of ore exported from the mining area irrespective of its sale value. It is a point for consideration if a similar method be not adopted for mica also, with a view to obtain adequate royalty on that

mineral and to avoid the lapse of time between the date of extracting the ore and finding a sale for it.

Royalty on corundum.

14. In regard to this item of revenue the Department does not take any action beyond crediting the minimum royalty and holding it in deposit. According to the rules the Revenue Department is responsible for recovering such royalty before it permits the removal of the substance. Neither the Geological Department takes action to find out how much royalty has been collected nor does the Revenue Department send information on the point. To enable the Geological Department to watch the collection of royalty on corundum, the Amildars concerned may be asked to furnish details to the Director of Geology immediately after an transaction takes place. Before the D.C.B. is drawn up, it will also be the duty of the Geological Department to ascertain the exact amount of royalty recovered, effect necessary adjustments, and incorporate this item of revenue in the Departmental Books. The task on either side is easier as the number of licenses are very small and there are at present only three such licenses which are current.

Omission to levy dead rent.

15. The firm of Messrs. Manikyavelu Mudaliar & Son, holders of Kaolin lease No.157 for thirty years, with effect from 13-11-1917 has conducted practically no work on the block all these days, except to a negligible extent. The royalty realised is quite inappreciable. Under Clause 9 of the lease Government have got the right of levying a dead rent of Rs.5/- per annum per acre on the whole or of any portion of the mining block, in the event of their not being satisfied with the operations conducted. The area leased out is 80 acres. Therefore a sum of Rs.400/- per

annum may be levied on the firm by way of dead rent from 13-11-1919. It is a point for consideration why the Department should not enforce the right. The Department once thought of levying dead rent on this block and the matter was not actively taken up.

16. Similar action may be taken in respect of other mining blocks where satisfactory work is not carried out viz. Ahmad's block (Lease No.111). In this case also the dead rent to the extent of Rs.3900/- may be levied. The question will have to be actively pursued. Delay may result in the deprivation of this item of revenue.

Omission to levy Education and Railway Cess on items of mining revenue, on which Local Cess is levied.

17. The Department has been levying local cess and in some cases Railway Cess also, on mining rent payable by lease holders. It is not known why it has failed to levy Railway Cess in the Districts where the cess has been ordered to be levied though the imposition of the last two mentioned cesses is obligatory on all items of revenue on which local cess is levied The detailed examination of this question has resulted in preventing loss of the recurring cess revenue of Rs.127-14-0 during the currency of the existing leases besides booking an arrear demand of Rs.566-11-0. The results are exhibited as under:-

Sl. No.	Name of Cess.	Years to which the arrears belong.	Amount of arrears to be levied & collected.	Increase of annual cess revenue, during the currency of the existing lease.
1	Railway Cess.	Between 1917-1924.	309- 0-6	33-10-6
2	Education Cess	do 1921-1924.	257-10-6	94- 3-6
		Total.	566-11-0	127-14-0

15

12

Details of omission in each case are given in the statemen C appended

Necessity for the preparation of an annual D.C.B. statemen to be appended to the Administration Report.

18. The imperfect condition in which the several regis ters are kept cannot enable any one to find out in one glance what the financial position of the Department is. There is no knowing what the dues to Government on a given date amount to Necessary information can only be gather by reference to the files of correspondence scattered Th annual Administration Report of the Department does not contain a D.C.B. statement. Though a majority of the items of revenue in the Department are collected in advanc still the necessity for a consolidated D.C.B. is obvious in order to enable Government to guage the financial operations of the Department. Instructions may be issued to the Department to submit henceforward quarterly statement of D.C.B. and to append a consolidated D.C.B. to the annual administration report. Sample forms of the statements are put up.

Appendix A

Security Deposits.

19. On the liability side the Department holds large sums of money paid by the several constituents towards security deposits. Here again, the same difficulty as was noticed in connection with the D.C.B. accounts, crops up viz. there is no knowing what the department owes to the mining public on any given date. There is no Deposit Register From the information available from th files it is found that a sum of not less than Rs.25.000 should be in Revenue Deposit in the Treasury. Instructions may be issued to mention in the annual Administration

Report hereafter, the total amount of Security Deposits held by the Department.

Acceptance of depreciated paper in lieu of cash security.

20. The Department is in the habit of receiving 3½% Government of India Promissory Notes by way of Security Deposits from its constituents and keeping them in its own custody in contravention of the account rules on the subject (Vide Art.329, M.A.C. Vol.I.) The existence of three such promissory notes was discovered. Two of them bearing Nos.031999 and 32001 dated 30th June 1854 of the face value of Rs.500/ each, are lying in the office without attention, for the last 17 years. They are endorsed to E.W. Wetherell, Esq. Offg. Secretary to Government, Geological Department and are said to be the security deposit tendered by the Mysore Manganese Co. which is no longer in existence. The interest due on the bonds has not been drawn from 1906 and the accumulated amount to-day comes to about Rs.700/- Immediate steps may be taken to transfer the bonds to the custody of the Comptroller and to arrange to draw the accrued interest, the question of their proprietorship being settled later on

21. The third one is the property of the firm of Messrs. Manikyavelu Mudaliar & Son, lease holders of No.159 for chrome and forms their security deposit for the due fulfilment of the contract It is also a 3½% Government of India Pro-Note of the face value of Rs.1000/-, bearing No. Mis.026072 dated 1-5-1865, and is endorsed to the Dewan of Mysore. It is not known how the depreciated paper was accepted in lieu of cash security and how it was kept in the custody of the existing rules on the subject. The Dept. in contravention of

As the market value of the bond is to-day Rs.680/-, the party may be given notice to take it back and deposit cash of Rs.1000/- immediately.

Ore left on abandoned blocks.

22. Under instruction from Government, the Department has taken action to dispose of certain quantities of ore lying on abandoned blocks. The manganese lots (9573 tons) have brought in a revenue of Rs.12950 while the chrome sales proved abortiv owing it is said to the inferior quality of ore The manganese ore sold out has not yet been removed though the time granted for such a removal has expired

The licenses granted for two other prospecting blocks have expired and the output register shows that there are 16 Cwts of mica on the block covered by License No.616 and 1035 tons of asbestos and 160 tons of magnesite chrome and graphite on the blocks covered by License Nos.625 627, 62 In the latter case the matter is under correspondence between the Department and the licensee. It is stated that there is no ore worth mentioning, available on any of the abandoned blocks.

Large stock of books lying in office

23. 3695 departmental publications costing Rs.6033-0-0 were received in the Office in December 1920 and January 1921 from the Curator Central Book Depot as the Depot could not afford to keep them for want of accommodation No stock account of these books is maintained. It is understood that there is no demand from the public for man of them. It is a matter for consideration, why the numbe of copies of departmental publications to be printed in future may not be reduced consistent with the probable

demand for each of them.

Surplus Tents.

24. Appendix D gives details regarding the stock of tents in the custody of the department There are 9 Swiss Cottage tents and two miniature Swiss Cottage Tents, four Field Officer s and 6 Fieldmen's tents, in all 21. There are only five Officers including the Director and there are no fieldmen at all. The number may be reduced in consultation with the Director.

Unservicable articles.

25. There are some articles in a state of disrepair e.g. An Iron Safe, Clock, Chairs, Typewriter and a duplicating apparatus. All of them may be sold by public auction and the amount realised and credited to the treasury.

The Disposal Number Systems.

26. This is newly introduced. Stock list of periodical and periodical register are not maintained. No Amad register is maintained and there is only one current register for all items of correspondence. All the case-workers are not maintaining personal registers. Unimportant papers are given "R" disposal. No index is maintained in the Record Branch.

The Cash Book of moneys drawn from the treasury.

27. The cash book as kept in the Office for recoding departmental expenditure does not furnish details of balances of the various items comprising office cash, such as imprest, undisbursed pay, undisbursed T.A. &C. Amounts adjusted (1) out of T.A. towards advances made to the office staff including menials and (2) out of advances made to Officers on tour on account of contingent expenditure are not

shown in the cash book, as only the net payments after adjusting advances are charged off in the cash book as paid to the parties concerned. It is desirable to have the cash book in the form given on page 14 of G.O. No. R.6900-12/L.R.395-24-1 dated 20-5-1925. A sample form suited to the requirements of the Office is appended. (Appendix E.)

Bangalore
10.12.25

J. Rajaram
Auditor.

Appendix F.

Demand Collection and Balance Statement of the Geological Department for the year 1924-25

Sl. No.	Budget Head.	Demand. Arrear at the beginning of the year.	Demand. For the year	Demand. Total.	Collection.	Balance	Remarks
1	Royalty on minerals other than gold.	16,587-12- 7	33,382-1-11	49,969-14- 6	35,952- 8- 0	14,017- 6- 6	(inclusive of R338-8
2	Fees	..	1,685- 0- 0	1,685- 0- 0	1405[illegible]- 0- 0	280- 0- 0	
3	Rent on Prospecting Lands	..	1,168- 5- 0	1,168- 5- 0	1 068- 5- 0	100- 0- 0	(inclusive of Short demand of Rs 4-14-
4	Rent on Mining lands.	..	14,324- 0- 0	14,324- 0- 0	12 479- 8- 0	1,844- 8- 0	(Exclusive of Local Cess Ry.Cess & Edn.Cess Vide separate statement put up.)
5	Fines on Assignment	..	15- 0- 0	15- 0- 0	15- 0- 0	Nil.	
6	Assay & Analysis Fees.	..	37- 4- 0	37- 4- 0	37- 4- 0	Nil.	
7	Other items	..	14,013-13- 8	14,013-13- 8	14,013-13- 8	Nil.	
	Total.	16,587-12- 7	64,625- 8- 7	81,213- 5- 2	64,971- 6- 8	x16,241-14- 6	A larger portion of the amount has since been collected. A sum of Rs.3500 is due from Messrs. Manikavelu Mudaliar & Son and smaller sums are due from other licensees & lessees.

Note (i) This form may be used for quarterly returns.
(ii) The annual returns should contain the following additional information
(a) Between the columns indicating 'Balance & Remarks' another column showing the 'Budget Estimates for the year should be opened.
(b) A short foot note embodying the results of Verification of the Comptroller's figures with the departmental ones & explaining reasons for difference, should be given.

M/11/11

Appendix B.

Expenses incurred on 1st consignment as follows:-

Purchased Mica Packing Cases.	Rs.	50	0	0
Railway Freight Charges paid at Gudur.	"	127	0	0
Cart-hire from Railway Station to Godown.	"	8	0	0
Cooly for loading and unloading the cart.	"	4	0	0
Miscellaneous Expenses.	"	6	0	0
Total.	"	195	0	0

Expenses incurred on 2nd consignment as follows:-

Railway Freight Charges.	Rs.	250	0	0
Staff and Coolies salary paid.	"	150	0	0
Cart hire from Gudur Railway Station to Gowdown.	"	15	0	0
Commission paid to Agent.	"	500	0	0
Purchased Mica Packing Cases.	"	50	0	0
Round " Bags.	"	25	0	0
Cart-hire from Mines to Railway Station. (Baderahalli & Mysore.)	"	30	0	0
Total	"	1,020	0	0
1st consignment Total.	"	195	0	0
Grand Total.	"	1,215	0	0

Rupees One thousand and two id fifteen only.

Sd/- A. Pitchaiya Naidu,

23-8-1925.

Appendix C

Statement showing the amount of Railway and Education Cess leviable and which the department has not levied up-to now

Sl No.	Lease No	Name.	Year for which demand relates.	Arrears to be demanded & recovered		Total due.	Amount of Cess to be levied annually		Remarks.
				Railway Cess.	Edn. Cess.		Ry. Cess.	Edn. Cess.	
1	141	The workington Iron & Steel Co. Ltd. Shimoga	Between 1917-1924.	85- 0- 0	30- 0- 0	115- 0- 0	10- 0- 0	20- 0- 0	
2	142	do do	1917-1924.	85- 0- 0	30- 0- 0	115- 0- 0	do.	do.	
3	147	Mysore Chromite Ltd. Mysore	1917-1924.	56- 4- 0	Nil.	56- 4- 0	7- 8- 0	Nil	Mysore District Education Cess also to be added from 1925-26.
4	148	Tata Iron & Steel Co do.	do.	18- 0- 9	...	18- 0- 9.	2- 6- 6	Nil	
5	149	do. do	do.	5-13- 9	...	5-13- 9	0-12- 6	Nil	
6	150	do. do	do.	17- 5- 6	...	17- 5- 6	2- 5- 0	Nil	
7	153	City Brick & Tile Works. Bangalore	1921-1924.	Nil	39- 6- 0	39- 6- 0	Nil	11- 4- 0	
8	155	Oakly Bowden & Co., Mysore	1918-1924.	25- 9- 6	...	25- 9- 6	3-15- 0	...	
9	156	Mysore Chromite, Ltd. Hassan	1922-1924.	...	5- 7- 6	5- 7- 6	...	2- 3- 0	
10.	157	V.Manickavelu Mudr.& Son. Bangalore	1921-1924.	...	8-12- 0	8-12- 0	...	2- 8- 0	
11	158	do. Hassan	1922-24.	...	50- 0- 0	50- 0- 0	...	20- 0- 0	
12.	159	do. do	1922-1924.	...	50- 0- 0	50- 0- 0	...	20- 0- 0	
13	160	do. do	1922-1924.	...	37- 8- 0	37- 8- 0	...	15- 0- 0	
14	161	A. P. Naidu. Mysore	1922-1924.	12- 8- 0	...	12- 8- 0	5- 0- 0		
15	164	Kolar Brick Making Co. Kolar & Bangalore	1923-23.	3- 7- 0	6- 9- 0	10- 0- 0	1-11- 6	3- 4- 6	
				309- 0- 6	257-10- 6	566-11- 0	33-10- 6	94- 3- 6	

Appendix D.

Swiss Cottage Tents. 1,2,3,4,5,6,42,43 & 44.	9	1,2,3,4,5 Purchased in June 1911 6,42,43 & 44. No date Old ones.
Miniature S.C. Tents. No. 7 & 45.	2	Purchased in June 1911.
Field Officers' Tents. No. 8,9,10 & 11.	4	No date.
Fieldmen's Tents. No.52,53,54,55,56,& 57.	6	Purchased in 1918.
Rowtees. No.12,15,16,17,18,19,21,22, 23,35,38,48,49,50, & 51.	15	Noss. 12, 15, 16, 17, 18, 19, 21, 22, 23, 48 & 49. Purchased in June 1911. No. 35,38,50 & 51. No date.
Necessaries. No. 24,25,26,27,28,29,30, 31,32,33,39,46 and 47.	13	
Total.	49	in all.

Out of 57 tents, 2 Bichobas (No.40 & 41) and 6 Rowtees (No.13, 14,20,34,36 & 37) were sold in auction.

Appendix. E

4

~~No. R. 6900-12—L. R. 395-24-1, DATED 20TH MAY 1925.~~

Dr. Classified Ledger of

Date	Receipts							
	Brief description of items	Pay drawn from Treasury	Travelling allowance drawn from Treasury	Amounts drawn on contingent bills	Permanant advance	* Other items ~~viz. judicial licence fees, etc.~~	Total	Remarks
		Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	
	Opening Balance—							
	Total for the day or month.							
	Total including balance.							

Cr. The Geological Office for the month of

Date	Payments							
	Brief description of items	Pay disbursed	Travelling allowance disbursed	Contingent expenditure	Advances given	* Other items ~~viz. judicial licence fees, repaid, etc.~~	Total	Remarks
		Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	
	Total for the day or month.							
	Closing Balance for day or month							

~~(a) Note 1. As many columns as are required in each office may be opened.~~

~~(b)~~ Note *. At the end of each month or whenever there is transfer of charge, the individual details of outstanding items should be given in the cash book

~~W1-9361—G1P—615—17-6-25.~~

Statistics of work done in the office of the Deputy Commissioner.....District, during the half year ending with...19 2.

Serial No.	Items	Number pending at the beginning of the half year	Number received during the half year	Total of 3 and 4	Number finally disposed of during the half-year	Number pending in the office: For not more than six months (counting from the date of registration of first letter)	Number pending in the office: More than six months and less than one year	Number pending in the office: More than one year	Number referred for report and pending in subordinate offices: For not more than six months (counting from the date of registration of first letter)	Number referred for report and pending in subordinate offices: More than six months and less than one year	Number referred for report and pending in subordinate offices: More than one year	Number pending in other offices	Total number pending at the close of half-year	Difference between columns 3 and 14, increase (+) or decrease (−)	Remarks
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
	REVENUE.														
1	References from superior officers														
2	Do co-ordinate and subordinate officers														
3	Suits and enquries														
4	Appeals														
5	Applications for loans under the Land Improvement Loans Regulation and Section 191 of the Land Revenue Code.														
6	Miscellaneous petitions														
7	Periodical reports and returns														
	Total ...														
	JUDICIAL.														
1	Original cases														
2	Miscellaneous														
3	Appeals and revision cases														
4	Correspondence														
5	License applications														
6	Copy do														
7	Miscellaneous petitions														
8	Calendar statements submitted by subordinate Magistrates.														
9	Periodical reports and returns														
	Total ...														
	LOCAL SELF GOVERNMENT.														
1	References from superior officers														
2	Do co-ordinate and subordinate officers														
3	Miscellaneous petitions														
4	Periodical reports and returns														
	Total ..														
	MUZRAI.														
1	References from superior officers														
2	Do co-ordinate and subordinate officers														
3	Miscellaneous petitions														
4	Periodical reports and returns														
	Total ...														
	DISTRICT TREASURY.														
1	References from superior officers														
2	Do co-ordinate and subordinate officers														
3	Periodical reports and returns														
4	Audit objections														
5	Petitions														
	Total ...														

Instructions for filling the form.—

1. Periodical reports and returns. In column 4, enter number of returns falling due during the half-year. In the column of remarks the number of returns sent in time may be noted
2. Criminal cases—Cases disposed of by transfer should be noted in the column of remarks.
3. Calendar statements of Criminal cases—Number of calendars upon which proceedings were issued should be shown (*vide* Chief Court Circular No.) in the remarks column.
4. For each branch of the office the state of work at the end of half-year should be compared with work at the commencement as shown in the column of remarks.
5. The return should be accompanied by a brief review of arrears in subordinate offices and by a separate list of currents received from superior officers more than one year in arrears (columns 9, and 12) against items in the return showing (i) the date of each such paper (ii) brief abstract of the subject matter. (iii) explanation in brief of cause of delay and (iv) date of last reminder sent to officers against whom papers are pending.

No. R. 6900-12—L. R. 395-24-1, DATED 20TH MAY 1925.

E. x. 13

Submitted to Dewan.

The Audit of accounts kept in the Geological Office was conducted by the Junior Auditor Mr. T. Raja Rau, under my instructions. I have visited the Geological Office, test audited the accounts and examined the chief defects brought to notice. The salient points are enumerated below:-

1. The several registers prescribed in Government Order No.2664-8/Geol.35-17-3 dated 28th November 1917 on the recommendation of Mr. K. L. Datta are not properly maintained and owing to their imperfect condition the position of the revenue of the Department at any given time cannot be determined. The D.C.B. Statement is not drawn up even once a year. Attempts are not made to raise the demand as soon as they arise, to watch prompt collections nor are the collections verified with the credits furnished by the Comptroller in the monthly statements. For instance a demand for Rs.308-12-6 in respect of Royalty on Mica which Mr. Pitchaiya Naidu was required to pay as per communication of 11th September 1925 has not been brought on D.C.B. registers. The Comptroller's credit statements from October 1924 have remained undisposed of. Misclassifications in Treasury Accounts are not noticed. It is suggested that when the parties are required to pay up the amounts due on account of Royalty or otherwise, challans in duplicate should be sent to the party for crediting the amount to the proper head as in the Income-Tax Department.

2. A short demand of Rs.434-6-11 was discovered under "Royalty and Mining Rent."

3. The Department has omitted to levy Railway and Education Cesses, on items on which they are chargeable. An arrear demand of Rs.566-11-0 and a recurring increase of cess revenue to the extent of Rs.127-14-0 per annum lost to Government should now be brought on the books and necessary action taken for their recovery.

4. The Director has granted a refund of Rs.300/- to the firm of Messrs. Manickyavelu Mudaliar & Son, when tha firm owed Government Rs.7091-4-6.

5. Long delay in the recovery of mining rent and royalty is observed, resulting in loss of interest especi ly on heavy sums. Kind attention is invited to para 10 of the detailed note.

6. The Director has in his custody three 3½% Government of India Promissory Notes deposited by way of Security ~~Deposit~~ Two of them of the face value of Rs.500/- each are in the Office for the last 17 years without attention and the accumulated interest on the bonds amounts to Rs.700/- today The other one is in the Office at least for the la 3 years if not more. It is not known why the depreciate paper was accepted at all in lieu of cash and why the bonds were kept in the Director's Office in contravention tanding orders on the subject.

7. Thy dead rent to the extent of Rs.5900 leviable according to the terms of agreement was not enforced on t mining lessees whose work was far from satisfactory requires investigation. The Tata Iron & Steel Company i the only company that is paying dead rent for the last t years as per terms of lease.

6. There are 21 tents in the Secretariat, while there are only 5 Officers including the Director. The number may perhaps be reduced and the surplus ones sent to the tent Stores or disposed of.

7. The detailed audit report is enclosed.

(sd) B. Srinivasa Iyengar.
Inspector of Office Systems
Officer in charge of Revenue Audit

D. No. 79/10-12-25

Copy submitted to the I Member for perusal.

B. Srinivasa Iyengar
Inspector of Office Systems.

Bangalore
10.12.25

INDUSTRIES & COMMERCE BRANCH
SECR. TO GOVT.
D 310
20 DEC 1925

The report of the auditor discloses a most unsatisfactory & discreditable condition of affairs. A copy of the report may be sent to the Dir for a report on each of the irregularities - defects mentioned in brackets & notes thereon with the name & explanation of the officer responsible thereof for the report & the Secretary before the 5th of this month.

11/12

Secy. Dpt.
2 months

Special Audit Note of the Geological Department.

Points noticed during the audit.	Director's Remarks	Revenue Secretary's Remarks	Orders.
1. The several registers prescribed in G.O. dated 28th November 1917 on the recommendation of Mr. K.L. Datta, are not properly maintained owing to their imperfect condition, the position of the revenue of the department cannot be determined at any given time.	The proper maintaining of the register will be attended to in future. The omissions noticed in respect of all previous items will be filled up as far as possible.		
<u>The Out-put Registers.</u> - The figures in respect of quantities of ore extracted are entered in the registers as they are received from the Companies, without scrutiny In some cases, the Opening and Closing Balances do not tally.	Owing to practical difficulties in dealing with the mining public, it is reported that it is unavoidable that there should be several defects in the returns and it will be necessary for the department to give large margin for all such errors.		
D.C.B Registers for the year 1924-25 are being written up now	The registers are found to be cumbersome with monthly columns for demand and receipt of both rents and royalty. They require to be revised, and suitable forms may be prescribed.	Definite proposals may be called for. The forms now prescribed were devised by Mr. Datta. K 16.1.	
2. Large variations between departmental and treasury figures are due to the fact that the Geological Department is not paying proper attention to the maintenance of the D.C.B. registers and the credit statements received	The irregularity has been taken notice of and will be remedied in future	The disposal of statements in arrears should be expedited.	

to remain in office without scrutiny Such statements for the months of October 1924 and on wards have received no attention		
3(a)Short demand of Rs.338-8-2 in the account of License Holder Mr M.L. Vardhamanaiya	Demand will now be made but it is expected that the matter will end in some sort of explanation	Early action is necessary
(b)Short demand of Rs.4-14-9 in the account of Mysore Gold Mining Co.	The amount has since been collected.	
4. Delay in the recovery of dues There being no provision for the levy of interest on overdue sums under the rules in force, the delay in collection results in loss to Government by way of interest, especially on heavy sums.	Every endeavour is being made by the department to collect the amounts due as soon as demand arises. In view of the mining business being of a speculative nature, rigid enforcement of the rules and terms of the licenses and leases is not possible and some latitude is necessary. Timely and urgent reminders are being issued. The advisibility of otherwise of the levy of interest on overdue sums will be reported in his notes on the draft revised rules.	Proposals may be awaited
5. Refund of Rs.300/- to Messrs. V.Manickyavelu Mudaliar & Sons, when the firm owed the department as much as Rs.7091-4-6.	The adjustment of the refund amount towards the dues could have been made with the acceptance of the firm, but resort to such a procedure will be necessary when it is feared the defaulting party is not solvent enough to meet Government demand. The sum refunded was but a small portion of the sum due to Government.	The arrears have since been realised although

6(a) Poor realization of royalty on Mica. Only a sum of Rs.162-5-6 has been realized for the last three years, against an output of 38,518 lbs	Mica business is delicate, and local market is not available. The total output shown is unsorted material and of this 10,000 lbs. was found marketable.	
b. Establishment charges and Commission paid to Agents, included in the sale value at the place of sale, are heavy and require scrutiny	These items are inseparable from business and particularly mining for which the market is all foreign. There are no means to verify such charges, and the department has to depend upon licensees' statement.	
c. A fixed royalty as in the case of Manganese may be levied on mica also to avoid the lapse of time between the date of extracting the ore and finding a sale for it	The feasibility of the suggestion will be considered	
7. Royalty on Corundum. The exact amount of royalty realized is not known to the Department. Neither the Geological Department takes action to find out how much Royalty has been collected nor does the Revenue Department send information on the point	Complaining of not receiving prompt replies from the Revenue Authorities and suggests a Circular may be issued by Government to the District and Taluk Authorities, directing them to attend promptly to requisitions from the Geological Department.	
8. Omission to levy dead rent	The provision of this levy in the rules has to be worked with great caution and enforced only in extreme cases. In the two cases of Messrs. Manickyavelu Mudaliar & Sons and of Ahmed's Block, pressure is being put on the lease holders to show vigorous	

	work and the starting of active operations respectively. The penalty clause of "dead rent" should not be viewed from a revenue earning point of view. The lessees are at liberty to surrender the leases at any time and if that should result from the pressure put on them for active work, Government would be deprived of even the ordinary rent. As mining business has only a few competitors, resort to the step of levying dead rent will have to be made with caution.	
9. Omission to levy Education and Railway Cess on items of Mining Revenue on which local cess is levied. The detailed examination of this question has resulted in preventing loss of the recurring cess revenue of Rs.127-14 during the currency of the existing leases, besides booking an arrear demand of Rs.566-11-0	The omission to levy is due to want of correct information in the department, as to when the cess was introduced in the several districts. The arrears will be demanded and all cesses included in future demands.	
10. Quarterly statements of D.C.B. to be submitted to Govt and a consolidated statement to be appended to the Administration Report	The Annual D.C.B. statements will be appended to future reports, in accordance with the Government Order dated 28th November 1925. As regards the quarterly reports to be submitted it will be done if Government consider it necessary.	
11. Security Deposits. There is no Deposit Register. The liability of the Department on any given date cannot be made out at a glance.	One will now be prepared and continued	

12. Acceptance of depreciated paper in lieu of cash security. The Director has in his custody three 3½% Government of India Promissory Notes deposited by way of security. Two of them of the face value of Rs.500/- each are in the Office for the last 17 years without attention, and the accumulated interest on the bonds amounts to Rs.700/- to-day. The other one is in the Office at least for three years if not more It is not known why the depreciated paper was accepted at all in lieu of cash Why the bonds were kept in the Director's Office in contravention of the Standing Orders on the subject.	The two bonds of Rs.500/- each remained in the custody of the Department, as there was no claim for the same from the proper party. It is a mistake not to have sent them to the Comptroller for custody. They will now be sent to him, for drawing of interest and safe custody. The other bond of the face value of Rs.1000/- will be returned to the lease holder on his paying cash. The party is being reminded. In the meantime, the bond is sent to the Comptroller for safe custody, and drawing of accrued interest.	The copy which may be asked to submit separate reference upon regarding the disposal of these cases
13. Large stock of books lying in Office, and the non-maintenance of stock accounts. Reduction in the number of departmental publications to be printed in future	A stock account of the books will be maintained. No reduction in the number of departmental publications is desirable.	
14. Surplus Tents - There are 9 Swiss Cottage Tents and two miniature Swiss Cottage Tents, four Field	The suggestion to reduce the number will be acted upon in due course, by effecting a sale by auction of the old ones which would	Speedy action is called for

Tents.-in all 21. There are 5 Officers including the Director and there are no Fieldmen at all. *No number may be reduced*	be found unserviceable. Some of the tents are old and will be unserviceable soon.		
15. Existence of Unserviceable articles.	They will be collected and sold by public auction.	✓	
16. Disposal Number System of Correspondence.	The system has not been understood yet fully. The defects noticed will be remedied in due course.	✓	*Has to be more simple*
17. Prescrib-ing the headings in the cash book of moneys drawn from the treasury.	The suggested form is suitable and will be adopted from January 1926, in a slightly modified form.	✓	

General and Revenue Secretariat

(31) 278/25 (24) 25

Ecl L File No 71 of 1925. [App. F. 44 [illegible] 24

Serial No

To Delay with Compliments. Vide Secretary's order

12.12.23

12/12

No remarks

(2.12.25 L

14/12

339 / 14.12 (Mr. Menon)

14/12

Now this copy of the note which was submitted to me I have already asked that it may be sent to the Director of Posts for a full report in which he points out the specific complaints with his explanation of the specific cases. This report may be submitted with the file by the end of the month

dc

15/12 a/s.12

15/12

General and Revenue Secretariat | Govt File No. 71 of 1926

Serial No

To

The Director of Govt
Mov't. C. 4038 of 1911

In forwarding a copy of the note of special audit of the accounts of the office I request to submit a report before the end of the current month on each of the irregularities reported omission etc. pointed out therein

1 2 Letter No. C.544-1 dated 8.1.1926 from the Director of Geology submitting his remarks on the general irregularities referred to by the Inspection of Office System in his audit note.

I submit for perusal and orders. Kind attention is also invited to the observations upon Demand at page 2.

11/1/26.

Refer: Govt Sec's remarks on the P.W.D.

First m/

9/1/26

222/9.1

I should like to have figures and the Govt Secy's remarks on the explanation furnished by the Director in respect of the several items against them

16/ The papers were withdrawn by the Accountant. The file shd. now come with draft by 11.1.26.

11/1

Please prepare a statement showing the Govt. Dir. remarks & final Accountant's remarks & sign up-to-date.

Digest & Control Sheet

11.1

General and Revenue Secretariat | Ex. File No. 71 | [App. F. III—2 of 1925

Serial No

17) A statement showing the important points raised in the audit note & the replies of the Offices, with any remarks thereon may be submitted for facility of disposal.

18) There also submit a draft order for consideration.

19) Whether it is necessary to obtain the explanation of Mr. Jayaram - himself who is now on leave is a matter for order.

Notes

2

436/1911

Mr. Menon

h 18.1.26

MM 19/1

20) Please see my remark on the statement. The Dept. may be moved with my observations and my remarks thereon for approval

2 31/1 h

MM 1/2

21) Submit with a revised draft

22) See the correction in the DF which is not at all suitable.

23) Please type the DF. (This will be treated as an urgent matter) -

MM 20/3

24) Typed draft submitted.

20/22/23 3.26

25) Off for consn.

MM 23/3

Explanation called for by the Asstt. Secy. E personally responsible for the delay, since he failed to submit the file to Secy. in time.

Secy

Asstt Secy

Secy

Explanation

NOTE—Addtn. Sheet.

3506 34
WD 01264—GPB—40,000—17-12-25
App. F. III—2]

General and Revenue Secretariat | File No. 71 of 1925.

Serial No.

27) Ghanchadandhar Draft put up. This file came to me when I was doing Rev Secy's work in Geology & Mines Secn

MEP 4

47/1.4

U.P. Govt
RECEIVED 10 APR. 1926
Regd. No. 1402

26) (Revise) Draft recast submit in consultation

MEP 1/4

Hon'ble Members

28) The draft put up does not seem to require any — Secy's or Exam Secy's — It should be submitted straight to Govt & not to Govt

Dy 3/4

29) Typed draft is put up for consideration (8 members)

h 7.4.26

310/7.4

WEP 7/4

30) Draft recast appr

31) To be submitted for Revenue approval also

Dy 9/4

Dewan)

h 10/4

WEP 10/4

32) Please see my minute of date about the signatures?

33) Why has the case lost sight of — Please issue the G.O. thereon w/s for signatures thereof case should be disposed of for consideration

W C H 12 4

1st member h Typ

Note—Contn. Sheet

Please see my minute of date about the signatures?

Why has the case lost sight of — Please issue the G.O. thereon w/s for signatures thereof case should be disposed of for consideration

W C H 12 4

1st member h Typ

3506-367 Please work with caution

h 1/4

WEP 14/4

3506 35 28

WD 01264—GPB—40,000—17-12-25
App. F. III—2]

General and Revenue Secretariat

Genl. File No. 71 of 1923

Serial No.

3) To, Dir. of Hydl. & Inspection of Mica Systems
No. 7115-16 dt. 14.4.26
Passes orders on the audit notes & calls for report & action taken as reached before the end of the current offl. year

Refer:— Paras 32-36 on page 27

3) Noted as per orders.
14/4/26 May now be transferred to the Commercial Section, for further action.
Rsd 7
WP 14/4

To Chief Engr with compliments
L. 14/4
WG 14/4

Rsd 15/4

There are some previous files in which Mr B Rajaram was granted facilities for his & his servants Dy may also be taken up for reply

15/4/26

Submitted with References
1) CB 146-24 Gls 1 to 7
2) CB 78-25 Gls 1 to 8.
HW 27/4/26

Flags A & B returned
C.B. 27.11.26

ANEARLY
(For Disposal at a Meeting)

No. C. 479
9 1925

GENERAL AND REVENUE SECRETARIAT.

Council Matter.

SUBJECT.

(Clause v of the schedule)

Action to be taken against Mr. B. Jayaram, Director of Geology (on leave) in connection with certain irregularities in the Department.

CIRCULATED TO THE MEMBERS OF COUNCIL.

By Order,

Chief Secretary to Government.

15th April 1926.

Extraordinary Member of Council.

First Member of Council.

Second Member of Counci..

Extra Member of Council.

39

1-3

429

Subject. 7

Action to be taken against Mr. B. Jayaram, Director of Geology (on leave), in connection with certain irregularities in the Department.

OPINION OF THE COUNCIL.

Note
The Dewan will speak to Mr Jayaram when he returns to duty
B
6/5/26
Minute 21/5/26

Mr. Jayaram has returned to duty
May this await the Dewan's Return?
Hm
28/5/26.

Written Note to Secretary to Dewan
Hm
28/5/26

Dewan will speak to him after his return from Europe
Secy Notes

Ex
28/5 I have spoken to Mr Jayaram & have told him that the Asst. Inspection of his office will be made six months hence, & that then if he has not taken sick leave & left right away, the majority probably the Dr in pursuance Inspection note

C. Secy to Govt of India
29.7.26

3506

WD 01264—GPB—40,000—17-12-25

General and Revenue Secretariat

File No. 71 (28)

App. F. III—2] of 192 8

Serial No.

Sabd with a draft letter to the Secretary of Office Systems about conducting the office of the Director of Geology for six months leave, as per orders of the Dewan in the previous page.

SA 2917

Rene

4/7

No. 459 S, 31.7.1926, to the Secretary of Office Systems.

State that another audit inspection of the office of the Director of Geology may be made 6 months hence and a report submitted on the state of affairs for orders, if any.

Secy S' apptd 1.2.1927

SA 1718

GEN. REVN SECRETARIAT 8 JULY 1927 DEVELOPMENT BRANCH.

APP. F. VI. Gl.]

SUBJECT.....

.....

.....

Section Genl

File No. 71-25

Diary No. of letter replied to.....

No. 4038

Seria No. 1

Chief Auditor's

To The Dir. of Genl

General and Revenue Secretariat

( )

the *192*

Sir

Date of issue 16/12/25

I am directed to forward herewith a copy of the report from the ~~Collector~~ and to request

Signed by Mr B.S. Iyengar
Under Secretary
for the accountant
of your office

you to submit a report before the end of the current month on each of the irregularities ~~to~~ defects, omissions etc. pointed out therein.

~~In the letter of Govt~~ and the name & explanation of the officials responsible thereof

List of enclosures.....

I have the

Copied by.....

Examined by.....

Chief Auditor
Dy. Chief Auditor
Sr. Auditor
Jr. Auditor
Sr. Accountant
Jr. Accountant
Sr. Clerk
Jr. Clerk
Typist
Peon

Reg. to Govt
Rev. Dept

over

WD 0562—GPB—31,000—17-8-25

D-2787

Encl. 71-25-1

Progress Report of the Inspector of Office Systems and Officer in charge of Revenue Audit, for the period ending 15th November 1925.

******

1 to 4 x x

5. The audit work in the Geological Office was continued by the Junior Auditor. This is expected to be completed in a week.

6. His report shows the existence of the following defects in the accounts of that office.

i) Sufficient scrutiny does not appear to have been exercised over refund claims.

ii) The Department is in the habit of receiving 3½ % Government of India Promissory notes by way of security deposit from its constituents and keeping them in its own custody, in contravention of the account rules on the subject. (Vide Article 329 M.A.C.Vol.I.) The existence of three such promissory notes was discovered. Two of them bearing Nos.031999 and 32001 dated 30th June 1854 of the face value of Rs.500/- each, are lying in the office for the last 17 years. They are endorsed to E.W.Wetherell, Esq Offg. Secretary to Government, Geological Department and are said to be the security deposit tendered by the Mysore Manganese Co., which is no longer in existence. The interest due on the bonds has not been drawn from 1906 and the accumulated amount today comes to about Rs.700/-. Immediate steps have to be taken to transfer the bonds to the custody of the Comptroller and to arrange to draw the accrued interests, the question of their proprietorship, being settled later on. I have been examining the connected records.

The third one is the property of the firm of Messrs. Manickavelu Mudaliar and Son, lease holders of No.159 and forms their security deposit for the due fulfilment of the contract. It is also a 3½% Government of India Promissory note of the face value of Rs.1000/-, bearing No.M.026071 dated 1-5-1865 and is endorsed to the Dewan of Mysore. Under rule

rule 39 of the rules for the grant of Prospecting and Mining leases, a sum of Rs.1000/- should be taken as security in the case of Mining leases. It is not clear under what authority this depreciated paper was accepted as security in lieu of Rs.1000/- cash The bond endorsed to the Dewan of Mysore should not also have been kept in the Geological office but sent to the Comptroller for custody As its market value is very much less than the face value, the lessee should now be called upon to deposit the deficit amount to make up the full security required by the rules.

iii) Failure on the part of the Department to levy Education and Railway Cesses on items on which local cess is levied is observed in respect of Mining rent from lessees other than railway companies. Mining rent is subjected to the levy of local cess or other taxes that may be imposed by Government. The results of the examination of the cases are exhibited as under.

Sl. No.	Name of Cess.	Years to which the arrear demand relates.	Amount of arrears to be levied and collected.	Increase of annual cess revenue during the currency of the several leases.
1.	Railway Cess.	Between 1917 & 1924	Rs.309-0-6	Rs. 33-10-6
2.	Education Cess.	1921 & 1924	" 257-10-6	" 94- 3-6
		Total	Rs. 567-11-0	Rs. 127-14-0

4 Geol. 71-25-2

29356 No. C/5744-1 Enc

Dated, Bangalore, 8-1-1926

GEN. & REV. SECTT. 3586 9-JAN 1926 INDUSTRIES & COMMERCE BRANCH.

From

A. M. SEN, Esq., M.Sc., F.G.S, Etc.,
Offg. Director, Mysore Geological Department.

GENL. & REV. SECTT. Br. 9c 9 JAN. 1926 G. D. SECTION.

To

B. Srinivasa Iyengar, Esquire, B.A., B.L.,
Secretary to the Government of His Highness
the Maharaja of Mysore,
Revenue Department.

Sir,-

With reference to your letter No.I.C.4038/Geol.71-25- dated 16th December 1925, I have the honour to submit herewith as directed a report on the irregularities, defects, omissions &c. pointed out by the Auditor in his Notes of Special Audit of the accounts and work of this office. For convenience of reference I shall follow seriatim the paragraphs of the Notes.

2. With regard to the names of the persons responsible for the irregularities &c., I beg to state that the irregularities are due to many causes, viz:-

(i) that the Office Assistant, Mr.P.A .Sawmy Chetty, was new to the work of this Department;

(ii) that one of the Senior Clerks of the Department Mr.T, Venkoba Rao, died in January 1924;

(iii) that a new hand in place of the above was appointed;

(iv) that the above official after serving here for 16 months reverted to his previous place in the Courts;

(v) that another new hand was appointed in the above vacancy;

(vi) the shifting of the work from official to official consequent on the above changes and on long leave granted to one of the officials;

(vii) the cumbersome nature and unsuitability of some of the Registers required to be maintained;

&c &c. &c.

3. In view of the above and that Mr. Sawmy Chetty has retired from service I consider that no useful purpose will be served in naming individually the persons to blame for the omissions &c. noticed in the Notes The Department as a whole is responsible for the defects noticed and I think it would be sufficient if I assure Government that in future the omissions will all be filled up, the defects remedied and every thing regularized as far as possible.

4. The present acting Office Assistant, Mr. N. Narasimiengar has been directed to regularize the whole thing by devising such modifications in the registers &c. as he thinks necessary and I expect he will be able to bring the office work to a satisfactory and systematic condition.

I have the honour to be,
Sir,
Your most obedient servant

Offg. Director,
Mysore Geological Department.

Explanations to the observations in the Audit Note.

Para 3 (a). The entries have now been made.

(b) The proper maintaining of the Register of applications will be looked into in future. The omissions noticed in respect of all previous items will be filled up as far as possible.

(c) & (d) The Output Registers. It is true ~~that~~ as ~~as~~ stated entries are made in these Registers in the first instance as soon as the quarterly returns are received from the lessees &c. If entries of figures ~~as~~ furnished in the returns are not made in the Registers at once such an omission will in itself be an unpardonable defect, inasmuch as the result of the scrutiny will take a long time to be counted probably by months. The entries will be corrected when revised figures are received &c. The licensees do not always furnish correct figures. In some instances the correct statements will be due to illiteracy or want of clear ideas in understanding the form. In others the incorrect figures will be due to wrong estimates of quantities &c. In the mining of ores careful sorting will be required What will once be shown as ore won will be omitted in the succeeding quarter as it will have been rejected as muck or unsuited for the market being of very low grade &c. &c. It is therefore unavoidable that there should be several defects in the returns and it will be necessary for the Department to give large margins for all such errors In this matter the Department should be given full latitude to deal with the cases on their individual merits and the Department can only give an assurance that no pains will be spared to safe-guard the revenue interests of Government.

In view of the incorrect returns and revision of figures resulting from scrutiny in almost every case and differences arising from verifications made from Railway invoices, sale certificates &c. &c it is only possible to keep track of the stages of each case from the correspondence file relating thereto dragging on for long time and consequently the D.C.B.Register relating to royalty is found imperfect.

Royalties

Royalties on minerals and ores are not in the nature of land, excise, fores municipal or other revenue where the demand is fixed.

Two D.C.B. Registers are prescribed - one in respect of Mining Leases (Rents and Royalty) and one for Prospecting Licenses (also rents & royalty) These registers are found to be cumbersome with monthly columns for demand and receipt of both rents and royalties. Again rents in respect of Prospecting Licenses are not properly demands, as they are always recovered in advance as per rules Prospecting Licenses are current for one year from date of grant. This also leads to great confusion in maintaining the D.C.B. Registers. The registers are unsuited and require revision. For knowing the collection of Revenue for any period or finding out the outstandings at any time the clerks will have recourse to some rough and rude method of their own and furnish the figures. It is necessary therefore that D.C.B. forms suited to the peculiar nature of the Departmental Revenue and easy in working should be devised and introduced. Unless this is done the unsatisfactory state of affairs in regard to these matters will, I fear, continue.

Para 6. The D.C.B. of the Department for 1924-25.

Appendix A of the Notes gives the totals under the several Budget heads The details of the figures making up the totals may kindly be ordered to be furnished to me when an attempt will be made to verify the figures.

Para 7. As reported by the Auditor no attempt is made to subject to scrutiny the monthly credit statements received from the Comptroller and compare them with the collections as noted in the Department from the duplicate Treasury Receipts. This irregularity has been taken notice of and will be remedied in future

Para 8. (1) Mr.M.L. Vardhamaniah's case.

Mr. Varadhamaniah had been holding prospecting licenses for asbestos &c., since 1918 and the returns submitted by him up to September 1923 all showed only some output of asbestos but no removal. When as a result of inspection of his factory in Mysore it was found there was a large quantity of asbestos there, enquiries were instituted as to how he

could

could account for its presence when no removal of it was shown in the returns. To this it was replied that the material was supplied to him by others license holders and it was ascertained to be true.

(b) For the first time in the December 1923 quarter removal of 150 tons, 9 cwts was shown and a royalty of Rs.188-1-0 was paid by him. As the ore was not sold out but used in the Factory itself the sale value of it could not be known and nominal value of Rs.25/- per ton was accepted. By 30th June 1924 Mr. Vardhamaniah's licenses all terminated and applications for leases over selected areas have not yet been received in the office. In February 1925 a return for the previous September quarter was received showing the identical 150-9 Tons Cwts as having been removed. In this statement the sale value was given as Rs.70/- per ton and accordingly a claim was made for payment of Rs.526-9-2 at 5 % of sale value. In reply it has been stated that the matter will have his early attention.

(c) The Auditor has further pointed out that royalty on the export of December 1923 calculated at Rs 70/- per ton should also be recovered. A demand for the balance due in accordance with this suggestion will duly be made. It is expected however that the matter will end in some sort of explanation.

(d) In connection with another reference from this office regarding the blocks held by Mr. Vardhamaniah, Mr.Sitarama Char his Agent is expected in person when all outstanding questions regarding the royalty due, the ore left on the blocks non-receipt of applications for leases &c. will be discussed and settled.

(e) From the above it will be seen that as already stated the Department is quite alive to its duties and loses no opportunity in safe-guarding the revenues due to Government.

(2) Rent due by the Mysore Gold Mining Co.,Ltd.

The short demand made in March 1925 is due to an error. It arose as the result of merely following the previous year's demand when only a half year's rent was demanded as per lease granted in the latter part of that year. A demand for the balance due has already

been

been sent and the amount has since been collected.

Para 9. Arrears due are not lost sight of; stiff reminders are being sent out within reasonable intervals.

Para 10. Every endeavour is being made by the Department to collect the amounts due as soon as the demands arise.

I may be permitted to state here that constituents very often come with prayers for grant of time for paying up of royalty dues &c. on very plausible grounds as sales not being brisk, large expenditure on development work &c. &c., that large sums are due to them from consignees and so forth and considering that mining business is a very speculative nature depending on many factors beyond their control it is not always possible to be very stiff, and rigidly enforce the rules and terms of the licenses and leases regarding payment of such demands. Mr. V. Manickavelu Mudaliar is one of our big constituents holding as many as five blocks - one for kaolin, 3 for chrome and 1 for manganese - and many are the circumstances that preclude the Department from suggesting severe steps as the cancelling of the licenses and leases. As stated para 3 supra every endeavour is being made to recover the arrears by the issue of timely and urgent reminders.

The question of a provision to be made in our license and lease forms for the levy of interest on overdue sums has been raised in the Auditor's note and the advisability or otherwise of such provision will be reported in my Notes on the draft revised rules.

Para 11. Refund of Rs.300/- to Messrs.V.Manickavelu Mudaliar & Son, when the firm owed the Department as much as Rs.7091-4-6.

The adjustment of the refund amount towards the dues as suggested could have been made with the acceptance of the firm, but resort to such a procedure will it is submitted, be necessary when it is feared the defaulting party is not solvent enough to meet Government demands Further the sum refunded after all was but a small portion of the sum due to Government

Para 12. Royalty on Mica.

The production of this ore has rather been erratic. Mr. A. Pitchaiya Naidu is the only successful miner in the State so far. The mica mines opened up so far are not very promising. Further development work is necessary. Market for the material can only be found in Madras and in the District of Nellore. Very delicate is the business in mica.

The poverty of the royalty realization of Rs.162 against an output of 38518 lbs. is brought to the notice of Government by the Auditor. The output shown is unsorted material. Of this only about 10000 lbs. was found marketable

Establishment charges at Gudur and commission paid to Agent in the list of expenses is stated to require scrutiny. These items are, I think inseparable from business and particularly mining for which the market is all foreign. There are no means to verify such charges. The Department has to depend on the licensees' statements.

Demand of a royalty of Rs. 308-12-6 arose in September 1925 the sale certificates being received on 25th August 1925 and demand notice was issued on 11th September. Mr. Pitchaiya Naidu in reply asked for the Madras system of levy of royalty on the ground of convenience &c, but was informed that the payment due as per the terms of his lease cannot be put off. Another reminder has since been issued to him.

Para 13. The rate of royalty on mica is 5 % on sale value at pit's mouth. In the Madras Presidency also it is the same. But there they have a schedule of rates for different classes of mica and royalty is recovered before hand on values assessed as per the schedule. Refund of any excess is allowed within 2 years thereafter. Mr. Pitchaiya Naidu has recently asked for the introduction of the Madras system of levy and the question is being considered in all its aspects. A fixed royalty as in the case of manganese is suggested in the Auditor's note and the feasibility of this will also be considered Any one of the above systems will avoid the lapse of time between the date of export and sale of material; but it is doubtful if the

amount of royalty realised would be advantageous to Government.

Para 14. Royalty on Corundum &c.

It has been the sad experience of the Department that references to the Districts for reports, information statistics &c. in connection with matters relating to this Department will never bring in prompt replies or even within any reasonable time. It will be many months and sometimes years even for the replies to come. The party's reports are first received. Very few have been the cases where some work, output and removal will be reported. Should however any case come up for refund of the minimum guaranteed royalty which has been deposited the refund will not be made until receipt of report from the Deputy Commissioner and verification of payments &c. This it will be seen that the safe-guarding of Government revenue is never neglected and refund of monies are made only after scrutiny

It is suggested in the note that the Amildars may be address and information got from them direct. This is opposed to the proper procedure but will be adopted if the Government should approve of it.

It appears to be advantageous if a circular is issued by Government to the District and Taluk authorities directing them to promptly attend to the ~~reports~~ references made by this Department and send replies and reports within reasonable time.

Para 15. Levy of Dead Rent.

This provision has been existing in our Lease Forms since 1897 but it has not been put into practice in any case so far. It has to be worked with great caution and pressed for only in very extreme cases. The Tata Iron & Steel Co.,Ltd. of their own accord offered to pay dead rent as per the terms of the leases, since they wanted to stop all operations for a time

The kaolin block of Messrs. V. Manickavelu Mudaliar & Son.

In regard to the unsatisfactory work on this block ~~a copy~~ an extract from the lessees' letter of 3rd September 1924 in answer to the ~~D~~ Departmental

Departmental enquiry as to the re-starting of operations is forwarded herewith for the information of Government. The enquiry is being pursued and pressure is being put on them for showing vigorous work.

Para 16. Anmed's Block.

This is a block where gold is sought for and enquiries regarding the starting of active operations are being pursued.

The penalty clause of Dead Rent should not be viewed from a Revenue earning point of view. The lessees are at liberty to surrender the leases at any time and if that should result from the pressure put on them for active work the Government will be deprived of even the ordinary rent. It is a different case where there are several competitors, but unfortunately in mining business very few are the men who interest themselves and that for speculation.

Para 17. Levy of Railway and Education cesses on items of Mining Revenue on which local cess is levied.

Railway cess on the rents from the Kolar Gold leases are being collected from 1917-18. The omission to levy the same from other lessees is due to want of correct information in the Department as to when the cess was introduced in the several Districts. So also in regard to the levy of Education cess. The G.O's relating to the levy of these cesses will now all be collected and demands will be sent out for the arrears due. In respect of all future demands of rents Local cess, Railway and Education cesses will all be included.

Para 18. Quarterly ~~cash~~ statements of D.C.B. to be submitted to Government and a consolidated statement to be appended to Administration Report.

As already stated the D.C.B. Registers prescribed are cumbersome and unsuited. The present acting Office Assistant, Mr. N. Narasimiengar, is directed to devise suitable forms and see that they are maintained correctly.

In the G.O. No.I.C.3691-2 Geol.10-25-4, dated 28th November 1925, reviewing the Administration Report of the Department for 1924-25, it has already been ordered that a D.C.B. statement should be appended to future reports. This will be attended to. As for the quarterly reports to be submitted to Government this will also be obeyed if Government should consider it necessary

Para. 19. Security Deposits.

As reported by the Auditor there is no separate Registers of deposits held. Cases of refund of deposits as they come in are dealt with and disposed of. The maintenance of a separate register of the kind was not considered necessary till now. One will now be prepared and continued.

Para 20. Acceptance of depreciated Paper in lieu of cash security.

It is incorrect to say that the Department is in the habit of receiving Government of India Pro-notes by way of security deposits. It is only in some 3 instances that bonds were sent by the applicants on account of security deposits. The first few cases were in the year 1906 received from the Mysore Manganese Co. or the Madras Mysore Mining Syndicate in advance with applications for leases before any demand arose consequent on the sanction. The disposal of the applications necessitated the return of the deposits and the bonds were returned.

The two bonds of Rs.500/- each referred to in the Auditor's Note however remained in the custody of the Department as there was no claim from the proper party for the same.

The bonds should have been sent to the Comptroller or the Treasury for safe custody and drawing of interest and I admit it is a mistake on the part of the Department in not seeing to this. It appears to have escaped even Mr. Datta's audit inspection in 1918

The two bonds are now being sent to the Comptroller for the drawing of interest and safe custody

Para 21.

Para 21. Bond for Rs.1000/-

When the Pro-note was received from Messrs. V. Manickavelu Mudaliar & Son in payment of security deposit the Comptroller was addressed to in the matter and it was ascertained from him that bonds should not be accepted for such payments as they are likely to depreciate in value. Moreover the rules required payment of deposits in cash. Accordingly the party was required to send ~~in~~ cash in lieu of the bond and this he has not done. The lease however was granted. Pressure will now be put upon the party to remit cash at an early date and take back his bond. In the meantime the bond is sent to the Comptroller for safe custody and drawing of accrued interest.

Para 22. Ore-left-on-abandoned blocks.

Whenever it is found there is a market for such ores necessary action will be taken by the Department to effect a sale of them to the best advantage of Government.

Para 23. Large stock of books lying in office.

These are the Departmental Publications since the very beginning. There have already been 23 volumes of Records, 9 of Bulletins &c. 200 copies of Records are usually got printed and after distribution of the same locally and outside round the world to all our exchanging institutions there will remain in stock about 70 for sale and for further supply on stray requisitions. I do not think it would be desirable to reduce the number of copies to be printed to less than 200, as at present. A stock account of the books will ~~also~~ be maintained.

Para 24. Surplus Tents.

The suggestion to reduce the number of tents in the Department will be acted upon in due course by effecting a sale by auction of the old ones which would be found unserviceable. Some of the tents are old and some will be unserviceable soon.

Para 25. Unserviceable articles.

These will be collected and sold by public auction.

Para 26. Disposal number system of correspondence.

As directed by the Government this system was introduced from 1st July last. The maintenance of an amad register is optional according to the Disposal System Rules. The utility of maintaining one is being considered. The clerks have not yet fully understood the working of this system. The defects noticed will in due course be remedied.

Para 27. Cash Book of moneys drawn from the Treasury.

The cash book form suggested by the Auditor appears to be suited for this office and will be adopted from January 1926 in a slightly modified form.

Offg. Director,
Mysore Geological Department.

C.N. Bangalore 8th January 1926

Extract from letter, dated 3rd September 1924, from Messrs. V. Manickavelu Mudaliar & Son, Ahmed Buildings Bangalore City to the Offg.Director, Mysore Geological Department.

With reference to your letter No.297, dated 28th August, I have the honour to state that in order to be enabled to open mining operations in full measure, I have erected machinery and have commenced manufacturing Fire-Bricks. Orders have long since also been placed with the Director of Industries for Machinery required for manufacturing pther products, and their fulfilment is being awaited. Further a foreign trained expert also was engaged to assist in the manufacture of the products, but he left some time ago for employment at Cochin. Another has been engaged in his place and is experimenting on the possibilities.

Offg.Director,
Mysore Geological Department.

C.N.

Proceedings of the Government of His Highness

the Maharaja of Mysore.

Read again

Government Order No.F.2664-8/Geol. 35-17-3 dated 28th November 1917 sanctioning a revised system of accounts in the Geological Department.

2. Government Order No.I.C.3138-3/Geol. 65-25-1 dated 17th November 1925 passing orders in the matter of the irregularities in the imprest accounts in the Office of the Director of Geology, reported by the Inspector of Office Systems and Officer in charge of Revenue Audit.

3. Further report dated 10th December 1925 by the same Officer, on the result of the detailed audit of the accounts and registers in that office. (To be printed in extenso).

4. Correspondence ending with letter No.C.544-1/ dated 8th January 1926 from the Offg. Director of Geology submitting explanation on the points raised in the audit

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Order No. PC 4115-6
Geol. 71-25-3
Dated, Bangalore, 14th April 1926.

As the result of the investigation made by Mr. K.L. Datta in 1917, who reported that the cash and revenue accounts of the Geological Department were in an unsatisfactory condition, a revised system of accounts recommended by him was introduced in the order of 28th November 1917 and in doing so Government emphasised that the Director, as the Head of the Department primarily responsible for exercising proper control over the departmental revenue collection and the maintenance of accounts relating thereto, should personally examine the cash and other

accounts in his Office at least once a month and sign all registers in token of such an examination. The reports of the Revenue Audit Officer read above show thatthe affairs of the Geological Department have not improved in spite of these clear directions and that there has been lack of control and supervision over the work, in the Office of the Director

2. The Special Audit has disclosed that the several registers prescribed in the Government Order dated 28th November 1917 are not properly maintained and owing to their imperfect condition, the position of the revenue of the department at any given time cannot be accurately determined. Government have perused the explanation offered by the Officiating Director on the several points noticed in the Inspection Notes and are pleased to pass the following orders in respect of the more important defects and irregularities brought to light

(1) D.C.B. Registers. The Offg. Director states that the imperfect maintanance of the D.C.B. Registers is due to the present prescribed forms being found to be cumbrous in certain respects and that the registers and forms require revision. This explanation cannot be considered as satisfactory. If the forms requires revision, the Director should have submitted suitable proposals and obtained orders of Government in the matter. Till such revision is sanctioned by Government, the prescribed Demand, Collection and Balance Registers should be properly maintained. Government also direct that until further orders, quarterly statements of Demand, Collection and Balance should be submitted to Government before the 10th of the month succeeding each quarter. The omission to attend promptly to the monthly credit statements received from the Comptroller has resulted in large variations between the departmental figures and the Treasury credits. The Director is requested to expedite the disposal of these credit statements.

)2) Short demand of Rs.338-8-2 in the account of License Holder Mr. M.L.Vardhamanaiya.- As regards this item, the Director

Director states that the demand will be made now. The omission should not have occurred. Action should be taken forthwith to bring t h e amount under demand and recover it.

(3) Delay in the recovery of dues from the Licensees and Lessees.- The Director states that in view of the mining business being of a speculative nature, rigid enforcement of the rules and of the terms of the Licenses and Leases is not possible and some latitude is necessary. Government desire to point out that unless the rules in force give power to the Director to relax the rules at his discretion, it is his duty to strictly enforce them and report to Government for orders, cases in which he considers relaxation of the rules necessary. The proposals of the Director in the matter of the levy of interest on overdue sums as suggested by the Inspector, are awaited.

(4) Refund of Rs.300 to Messrs V.Maniccavelu Mudaliar & Sons when the firm owed the department large sums of money.- The Director explains that the sum refunded was only a small portion of the amount due to Government and that he did not consider it necessary to adjust the same towards the Government dues as it was presumed that the party would easily meet the Government demand. Government consider that this explanantion is unsatisfactory and that no refunds should be made by Government to any person when larger amounts are due from him to the Government.

(5) Poor realization of royalty on mica.- The Director states that the total output shown is that of unsorted materials and that out of this, only a quantity of 10,000 pounds was marketable. It is presumed that royalty has been recovered on the full quantity removed and sold.

(6) Heavy establishment charges and commission paid to Agents, allowed for in the sale value of ~~xxxxxx~~ ores.- The Director explains, in this matter, he has to depend on the licensee's own statement. Government observe that the department should verify the correctness of the statement by independent information as far as possible and satisfy itself that the charges are reasonable before calculating the

net

net profits for arriving at the demand.

(7) Omission to levy dead rent.- As regards this point, the Director states that as the lessees would be at liberty to surrender their leases at any time, Government might stand to lose even the ordinary rent if they should rigidly enforce the levy of dead rent and adds that as mining business has only a few competitors, the levy of dead rent may be resorted to with caution. Government desire that the Department should keep a careful watch over the progress of work in respect of each lease and should take necessary action promptly according to the circumstance of each case

(8) Omission to levy Education and Railway Cess on items of mining revenue on which local cess is levied. This omission is reported to be due to want of correct information in the department as to when the cesses were introduced in the several districts. It is also stated that the arrears will now be demanded and the cesses included in future demands. Separate orders will issue in this matter.

(9) Royalty on Corundum. It is pointed out that the department has no information as regards the exact quantity collected by licensees and the amount of royalty realized owing to the Revenue Department not furnishing the Director necessary particulars, promptly. Instructions will separately issue as regards the procedure to be adopted by the Revenue and Geological Departments in this respect

(10) Security Deposits.- The omission to maintain the necessary security deposits is not satisfactory and these registers should be opened immediately. There is no satisfactory explanation offered as regards the acceptance of depreciated paper as noted in the margin in lieu of cash security. The two Five hundred rupee bonds have remained in the office for about seventeen years and the one thousand rupee paper for over three years. A full report regarding the disposal of these pro-notes which have been kept in the Director's Office in contravention of the Standing Orders should be submitted by the Director before the end of May 1926

Two bonds of Rs.500 each.
One bond of Rs.1,000/
(3½ % Government of India pro-notes.)

(11) Disposal of surplus tents.- Prompt action should be taken dispose of the old and unserviceable tents now in store, by public auction

auction and a report submitted to Government before the end of June 1926.

3. The officiating Director who was asked to report the names of persons responsible for the several irregularities noticed in audit ~~says~~ states in reply that it is not possible to allocate the blame to each particular official and that the department, as a whole, is reponsible for the defects noticed. Government consider that the main responsibility for this condition of affairs should be laid on the Personal Assistant whose duty it was to see to the proper working of the office and that the Director should also have given his attention to the matter Now that a new Personal Assistant has been appointed, suitable action ~~will~~ should be taken by the Director to have the defects pointed out above, remedied and the accounts brought to a systematic and satisfactory condition.

4. A report of action taken on all the points should be submitted to Government before the end of the official year.

Secretary to Government,
Revenue Department.

To

The Director, Department of Geology.
" Inspector of Office Systems.

Confd

Proceedings of the Government of H. H.
the Maharaja of Mysore.

Read again:-

G.O. No.F.2664-8/Geol. 35-17-3 dated 28th Nov. 1917 sanctioning a revised system of accounts in the Geological Department

2. G.O. No. I.C.3132-3/Geol. 65-25-1 dated 17th November 1925 passing orders in the matter of the irregularities in the imprest accounts in the Office of the Director of Geology reported by the Inspector of Office Systems and Officer in charge of Revenue Audit

3. Further report dated 10th December 1925 by the same officer on the result of the detailed audit of the accounts and registers in that office. (To be printed in extenso.)

4. Corres ondence ending with letter No C.544-1/ dated 8th January 1926 from the Offg. Director of Geology submitting explanation on the points raised in the audit notes.

Order No.

Dated, Bangalore, the . . . . . .26.

As the result of the investigation made by Mr. K. L. Datta in 1917, who reported that the cash and revenue accounts of the Geological Department were in an unsatisfactory condition, a revised system of accounts recommended by him was introduced in the order of 28th November 1917 and in doing so, Govt. emphasised that the Director, as the Head of the Department primarily responsible for exercising proper control over the departmental revenue collection

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and the maintenance of
and accounts relating thereto should personally examine the cash and other accounts in his office at least once a month and sign all registers in token of such an examination.

The reports of the Revenue Audit Officer read above show that the affairs of the Geological Department have not improved in spite of these clear directions and that there has been lack of control and supervision over the work in the office of the Director

2. The special audit has disclosed that the several registers prescribed in the Government Order dated 28th November 1917 are not properly maintained and owing to their imperfect condition the position of the revenue of the department at any given time cannot be accurately determined. Government are pleased to pass the following orders in respect of the more important defects and irregularities ~~mentioned in the audit reports~~ brought to their notice:-

have perused the explanation offered by the officials noted on the several points referred to in the inspection note and

(1) D.C.B. Registers. The Offg. Director ~~explains~~ states that the imperfect maintenance of the D.C.B. Registers is due to the present prescribed forms being found to be ~~cumbersome~~ cumbrous in certain respects and that the registers and forms require revision. This explanation cannot be considered as satisfactory. If the forms require revision, the Director ~~is requested to submit~~ should have submitted suitable proposals and drawn orders in the matter Till such revision is sanctioned by Government, the prescribed Demand, Collection and Balance registers should be properly maintained. Govt. also direct that until further orders quarterly statements of Demand, Collection and Balance should be submitted ~~by~~ to Government before the 10th ~~of~~ the month succeeding each quarter The omission to attend promptly to the monthly credit statements received from the Comptroller has resulted in large variations between the departmental figure and the treasury ~~figures~~ credits

The Director is requested to expedite the disposal of these credit statements.

(2) Short demand of Rs.338-8-2 in the account of License Holder Mr M. L. Vardhamanaiya.

As regards this item, the Director states that the demand will be made now. The omission should not have occurred. ~~Early~~ Action ~~may~~ be taken ~~in~~ ~~for raising the demand~~ to bring the amount under demand and recover it.

(3) Delay in the recovery of dues from the Licensees and Lessees. The Director states that in view of the mining business being of a speculative nature rigid enforcement of the rules and terms of the Licenses and Leases is not possible and some latitude is necessary. Government ~~are of opinion~~ point out that unless the rules in force give power to the Director to relax the rules at his discretion, ~~he should~~ as in duty bound strictly enforce them and report to Government for orders cases in which he considers relaxation of the rules necessary. The proposals of the Director in the matter of levy of interest on overdue sums as suggested by the Inspector, are awaited.

(4) Refund of Rs.300/- to Messrs. V.Manickavelu Mudaliar & Sons, when the firm owed the department large sums of money. The Director explains that the sum refunded was only a small portion of the amount due to Government and that he did not consider it necessary to adjust the same towards the Government dues as it was presumed that the party would easily meet the Government demand. Government consider that this explanation is unsatisfactory. ~~They observe that the parties could easily meet the demands against them makes no difference and they accordingly direct that refunds~~ point out that the parties could not and that no refunds make no difference and no refunds

should ~~not~~ be made by Government when larger amounts are due to him from them Government from ~~the amount to parties~~.

(5) Poor realization of royalty on mica.

The Director states that the total out-put shown is that of unsorted materials and that out of this, only a quantity of 10,000 pounds was marketable It is presumed that royalty has been recovered on the full quantity removed and sold ~~if not on the quantity extracted.~~

(6) Heavy establishment charges and commission paid to Agents, allowed for in the sale value of ores.

The Director explains that in this matter, he has to depend on the licensees own statement. Government observe that the department should verify the correctness of the statement by independent information as far as possible and satisfy itself that the charges are reasonable, before calculating the net profits for arriving at the demand.

(7) Omission to levy dead rent. As regards this point the ~~The~~ Director ~~explains~~ that as the lessees would be at liberty to surrender their leases at any time, Government might stand to lose even the ordinary rent if they should rigidly enforce the levy of dead rent and adds that as mining business has only a few competitors, the levy of dead rent may be resorted to, with caution. Government desire that the Department should keep a careful watch over the progress of work in respect of each lease and ~~they~~ should take necessary action ~~should be~~ promptly according to the circumstances of each case

(8) Omission to levy Education and Railway Cess on items of mining revenue on which local cess is levied. ~~The Director states that~~ This omission is ~~due~~ regarded also due to want of correct information in the department as to when the cesses were introduced in the several

districts. He also stated that the arrears will now be demanded and the cesses included in future demands. Separate orders will issue in this matter.

(9) Royalty on Corundum. It is pointed out that the department has no information as regards the exact quantity collected by licensees and the amount of royalty realized owing to the Revenue Department not furnishing him with necessary particulars promptly. Instructions will separately issue as regards the procedure to be adopted by the Revenue and Geological Departments in this respect.

(10) Security Deposits. The omission to maintain the necessary security deposits is not satisfactory and these registers should be opened immediately There is no satisfactory explanation offered as regards the acceptance of depreciated paper as noted in the margin in lieu of cash security. The Five hundred Rupee bonds have remained in the Office for about 17 years and the One thousand rupee paper for 3 years A full report regarding the disposal of these pro-notes which have been kept in the Director's Office in contravention of the Standing Orders, should be submitted by the Director before the end of April 1926.

Two bonds of Rs.500 each.
One bond of Rs.1000/-.
(3½% Government of India Pro Notes.)

(11) Disposal of surplus tents. Prompt action should be taken to dispose of old and unserviceable tents now in store, by public auction and a report submitted to Government before the end of June 1926

3 The Offg. Director who was asked to report the names of the persons responsible for the several irregularities noted in the margin states in reply that it is not possible to allocate the blame to each particular official and that the department as a

whole is responsible for the defects noticed. ~~He~~ Govt Consider this to mean responsibility for the conduct of affairs ~~adds, by way of explanation, that Mr. Swamy Chetty~~ having retired ~~and~~ a new Personal Assistant having been appointed, suitable action ~~will~~ now be taken ~~by~~ the Director to rectify the defects pointed out and ~~that~~ the accounts ~~will soon be~~ brought to a systematic and satisfactory condition.

6. In the matter of the explanation offered by the Director as regards the several irregularities observed in the imprest accounts, Government wish to observe that it is not satisfactory and that most of the irregularities are due to the Director (Mr. Jayaram not having paid sufficient attention to the administration of the department both on the routine and the revenue side. If he had exercised proper scrutiny over the work of the staff from time to time asmay be expected of the Head of a Department and as required by the Standing Orders, the affairs of the department would not have been so bad as reported The tone of the discipline in the office is far from satisfactory and Government interests do not seem to have been ~~sufficiently~~ safe-guarded.

6. The Offg. Director is requested to take ~~necessary~~ steps ~~to set right the defects, as promised by him~~ and ~~submit~~ A report of action taken on all the points should be before the end of the official year

Secretary to Government
Revenue Department

To
The Director, Department of Geology
Inspector of Office Systems.

G. R. S. G/33]

GENERAL AND REVENUE SECRETARIAT.

(*Continuation sheet draft form.*)

No 459/C.B dt 3.1.27

To

The Lessees of Office System

Sir,

With reference to your note dated the 10th December 1925, submitting your remarks on the detailed audit notes of the accounts of the Geological Dept, I am directed to request that another and earlier inspection of the office of the Dept of Geology may be made by some Officer on the staff of office hence and a report submitted for the orders of Govt

I have &c.

Ca. Secy

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